

Date: April 12, 2024

TO: Greater Opportunity for Affordable Living Developers, Owners and Managers

SUBJECT: Compliance Program Alignment

On February 14, 2023 the Department of Housing and Urban Development (HUD) published the Housing Opportunity Through Modernization Act (HOTMA) Final Rule. The goal of HOTMA is to align program requirements across HUD funded programs.

As Alaska Housing Finance Corporation's (AHFC) Internal Audit Department (IAD) is moving forward with implementing HOTMA changes, we are taking this opportunity to also align program requirements across our affordable housing programs funded under the Greater Opportunity for Affordable Living (GOAL) programs. While alignment between the programs is not always possible due to differing program requirements, we have identified the following areas where alignment is possible.

Verifications

AHFC has required third party verification of income and assets under the Low-Income Housing Tax Credit (LIHTC) program, while the HOME Investment Partnership (HOME) program requires the use of two (2) months of source documentation. As source documentation is allowed under all programs monitored by the IAD, we will now allow all programs to use two (2) months of source documentation moving forward.

AHFC compliance staff will continue to require third party verifications in addition to two (2) months of source documents for the following income sources due to the sporadic nature the income:

- Native Dividends
- Child Support

Partners may choose to continue obtaining third party verifications in lieu of source documentation for LIHTC only developments if funded with another program that requires third party verifications or if it is a condition of the Owner or Investor.

Income Calculations

With the changes brought about with HOTMA, the IAD will be moving toward averaging income and only anticipating verifiable changes to the household's income. This will be completed in the following ways:

- **Averaging income**

Income sources will be determined by establishing the average gross income received by the household and then annualizing the income received. For example, if review of the resident's paystubs indicate that their gross bi-weekly earnings are \$900.00 per paycheck, their annual income would be \$23,400.00 (\$900.00 x 26). In cases where third party verifications are still obtained if the employer

provides a range of hours worked (for example 30-40 hours per week) Management should calculate the hourly wage times the average hours worked.

Unearned income sources that do not change (for example Social Security benefits) will continue to be calculated based on the current amount received by the resident as detailed in a current benefit statement.

- **Anticipated Employment / Benefit Income**

AHFC will no longer require our partners to anticipate income not currently received by the household. This will affect household members that are currently unemployed, but anticipate obtaining employment in the future. Anticipated employment should only be included in the household's annual income if the resident has a current verifiable job offer.

Residents that have a history of seasonal employment should anticipate future earnings based on prior wages and benefits through the use of the resident's tax returns or pay history.

In cases where a resident has applied for benefits that they are not currently receiving, (Social Security, TANF, etc.) Management should obtain verification from the agency indicating the status of the application and only anticipate income if awarded.

Partners may choose to continue anticipating employment and other benefits for LIHTC developments if it is a requirement of the Owner or Investor. Please be advised that continuing to anticipate income not received may result in households being denied admission that are income eligible under the State's requirements.

Should you have any questions regarding these changed please feel free to contact me directly at (907) 330-8414 or via email at jgatfield@ahfc.us.

Sincerely,

Jerusha Gatfield
Compliance Officer
Internal Audit Department
Alaska Housing Finance Corporation